



Stock Selection Guide®

The most widely used aid to good investment judgment

Company HARLEY-DAVIDSON, INC. Date 12/22/03

Prepared by MG Data taken from M

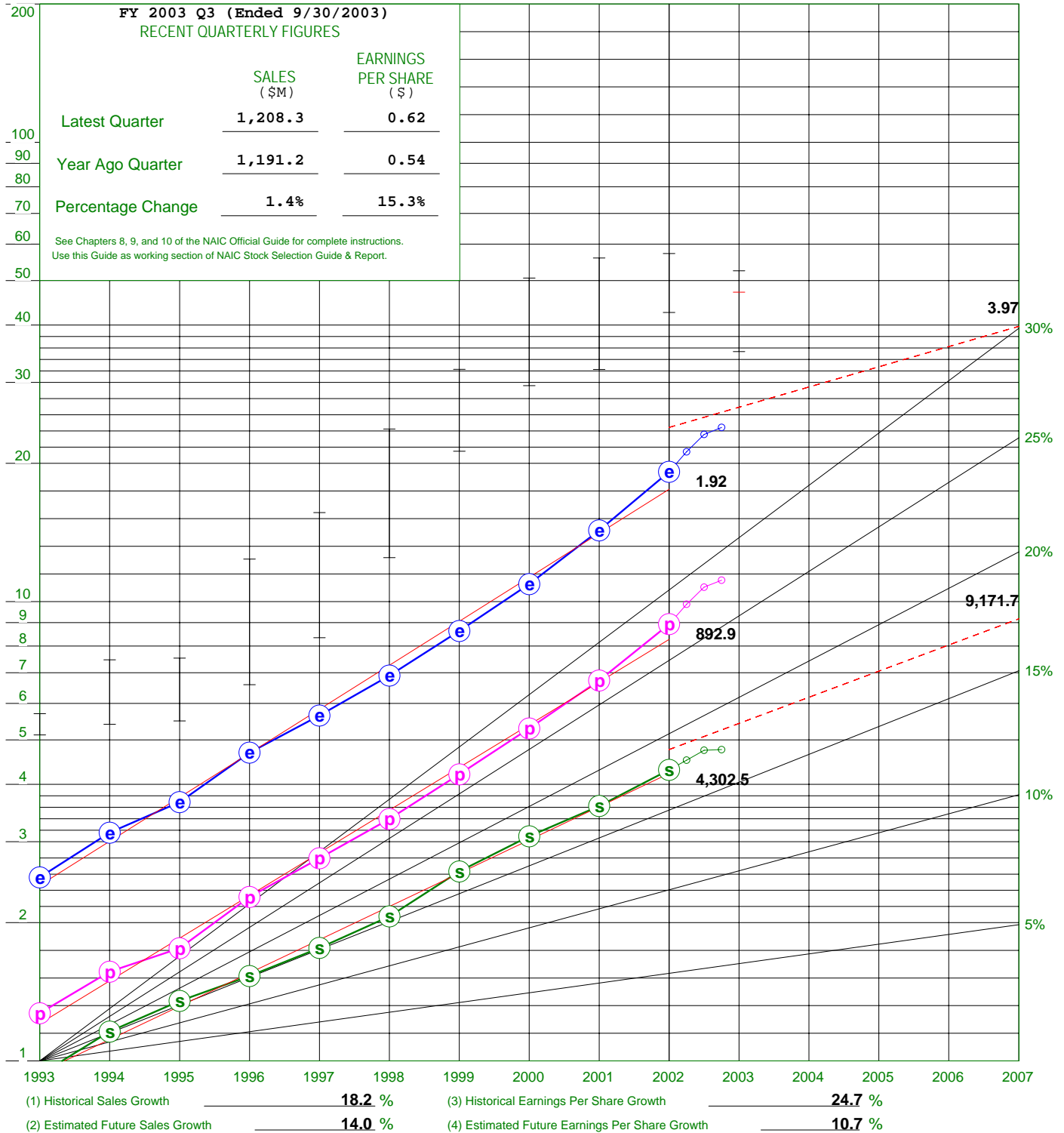
Where traded NYSE Major product/service Recreational

CAPITALIZATION --- Outstanding Amounts Reference

Preferred (\$M)	0.0	% Insiders	% Institution
Common (M Shares)	302.3	0.2	71.4
Debt (\$M)	762.6	% to Tot.Cap.	25.4 % Potential Dil.
			None

1 VISUAL ANALYSIS of Sales, Earnings and Price

HDI



2 EVALUATING MANAGEMENT

Company **HARLEY-DAVIDSON, INC.** (HDI)

12/22/03

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	LAST 5 YEAR AVG.	TREND	
												UP	DOWN
A % Pre-tax Profit on Sales (Net Before Taxes ÷ Sales)	13.6	13.5	13.0	14.9	15.7	16.3	16.3	17.2	18.8	20.8	17.9	UP	
B % Earned on Equity (E/S ÷ Book Value)	23.0	21.8	22.2	21.3	20.7	20.4	22.7	23.5	24.6	25.9	23.4	UP	

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is a building block for translating earnings into future stock prices.

Year	PRESENT PRICE		47.170	HIGH THIS YEAR	52.510	LOW THIS YEAR	35.010			
	A	B	C	D		E	F	G	H	
	PRICE	PRICE	Earnings Per Share	Price Earnings Ratio		Dividend Per Share	% Payout	% High Yield		
	HIGH	LOW		HIGH A ÷ C	LOW B ÷ C		F ÷ C X 100	F ÷ B X 100		
1 1998	23.8	12.5	0.69	34.5	18.1	0.080	11.6	0.6		
2 1999	32.0	21.3	0.86	37.1	24.7	0.090	10.4	0.4		
3 2000	50.6	29.5	1.09	46.3	27.0	0.100	9.2	0.3		
4 2001	56.0	32.0	1.43	39.2	22.4	0.120	8.4	0.4		
5 2002	57.3	42.6	1.92	29.9	22.2	0.140	7.3	0.3		
6 TOTAL		137.9		187.0	114.4		46.9			
7 AVERAGE		27.6		37.4	22.9		9.4			
8 AVERAGE PRICE EARNINGS RATIO			30.2	9 CURRENT PRICE EARNINGS RATIO				19.7		

4 Proj. P/E [17.76] Based on Next 4 qtr. EPS [2.66] Current P/E Based on Last 4 qtr. EPS [2.40] EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE -- NEXT 5 YEARS

Avg. High P/E $\frac{37.4}{(3D7 \text{ as adj.})}$ \times Estimate High Earnings/Share 3.97 = Forecast High Price \$ 106.8 (4A1)

B LOW PRICE -- NEXT 5 YEARS

(a) Avg. Low P/E $\frac{22.9}{(3E7 \text{ as adj.})}$ \times Estimated Low Earnings/Share 1.92 = \$ 36.4

(b) Avg. Low Price of Last 5 Years = 27.6 (3B7)

(c) Recent Severe Market Low Price = 32.0

(d) Price Dividend Will Support $\frac{\text{Present Divd. } 0.160}{\text{High Yield (H) } 0.006}$ = 25.0

Selected Estimate Low Price = \$ 27.6 (4B1)

C ZONING

$\frac{106.8}{(4A1)}$ High Forecast Price Minus $\frac{27.6}{(4B1)}$ Low Forecast Price Equals $\frac{79.2}{(C)}$ Range. 1/3 of Range = $\frac{19.8}{(4CD)}$

(4C2) Lower 1/3 = $\frac{27.6}{(4B1)}$ to $\frac{47.4}{(Buy)}$ Note: Ranges changed to 25%/50%/25%

(4C3) Middle 1/3 = $\frac{47.4}{(4B1)}$ to $\frac{87.0}{(Maybe)}$

(4C4) Upper 1/3 = $\frac{87.0}{(4B1)}$ to $\frac{106.8}{(4A1)}$ (Sell)

Present Market Price of 47.170 is in the Buy (4C5) Range

D UP-SIDE DOWN-SIDE RATIO (Potential Gain vs. Risk of Loss)

High Price $\frac{106.8}{(4A1)}$ Minus Present Price 47.170 = $\frac{59.6}{19.6}$ = $\frac{3.0}{(4D)}$ To 1

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

High Price $\frac{106.8}{(4A1)}$ = $(\frac{2.264}{(4E)}) \times 100 = (\frac{226.4}{(4E)}) - 100 = \frac{126.4}{(4E)}$ % Appreciation

Relative Value: 65.2% Proj. Relative Value: 58.8%

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A Present Full Year's Dividend \$ 0.160
 Present Price of Stock \$ 47.170 = $\frac{0.003}{(5A)} \times 100 = \frac{0.3}{(5A)}$ Present Yield or % Returned on Purchase Price

B AVERAGE YIELD OVER NEXT 5 YEARS

Avg. Earnings Per Share Next 5 Years 3.25 \times Avg. % Payout $\frac{3G7}{9.4} = 9.0$ = $\frac{29.3}{(5B)}$ = 0.6 %

C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS

	5 Year Appreciation Potential (4E)		P.A.R.	Tot. Ret.
5	126.4	25.3 %	Average Yield 0.4%	0.3%
Average Yield (5B)		0.6 %	Annual Appreciation 14.1%	17.8%
Average Total Annual Return Over the Next 5 Years (5C)		25.9 %	% Compd Ann Rate of Ret 14.5%	18.1%

Trailing 4 quarters

PERT Worksheet-A Graph

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(HDI)

